

## Message Text

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ORIGIN EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 IO-11

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 PA-01

PRS-01 NSCE-00 SSO-00 USIE-00 INRE-00 /092 R

DRAFTED BY EA/VLC:MHENDERSON:JY

APPROVED BY EA:RHMILLER

EA/EX:RSCARRITT

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FM SECSTATE WASHDC

TO AMEMBASSY VIENTIANE IMMEDIATE

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMCONSUL HONG KONG

C O N F I D E N T I A L STATE 005265

E.O. 11652: GDS

TAGS: PFOR, LA, US

SUBJECT: FOLLOW-UP ON LAO STATEMENTS RE US/LAO RELATIONS

CINCPAC FOR POLAD

REF: VIENTIANE 0011, 0014 AND 0015, 0054

1. APPRECIATE VERY MUCH REFTELS DETAILING YOUR MEETINGS  
WITH KAYSONE, PHOUNE AND NOUPHANH. KAYSONE'S REMARKS ON  
THE BANK ACCOUNTS PROBLEM SEEM TO PRESENT A GOOD OPPORTUNITY  
TO PRESS THE ISSUE FURTHER WITH THE LAO AT A HIGH LEVEL,  
AND WE AGREE THAT NOUPHANH'S STATEMENT THAT LAOS DOES NOT  
WANT TO BECOME DEPENDENT ON ONE SIDE ONLY IS WORTH FURTHER  
EXPLORATION AND ANALYSIS.

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2. NOUPHANH'S FORMULATION THAT US ECONOMIC AID IS A CONDITION TO THE 'IMPROVEMENT OF RELATIONS' RATHER THAN TO CONTINUED RELATIONS SUGGESTS PERHAPS A MORE PRACTICAL PDRL VIEW OF ITS RELATIONSHIP WITH US. WE RECOGNIZE THAT THIS COULD SIMPLY BE A SMOKE SCREEN OR COULD CHANGE OVERNIGHT, SINCE SUCH AID WILL NOT BE A FACTOR IN THAT RELATIONSHIP IN THE FORSEEABLE FUTURE.

3. UNLESS YOU PERCEIVE STRONG OBJECTIONS, YOU SHOULD

THEREFORE RECALL WITH PHOUNE AND/OR NOUPHANH YOUR DISCUSSION OF THE URGENT PROBLEM OF THE BLOCKED BANK ACCOUNTS WITH KAYSONE AND GO OVER THE GROUND WITH THEM ONCE AGAIN TO POINT OUT:

A. WE HAVE BEEN EXCEEDINGLY PATIENT DURING THE SIX MONTHS OF INTERFERENCE WITH THE NORMAL OPERATIONS OF OUR EMBASSY BY THE LAO AUTHORITIES' EFFECTIVELY BLOCKING OUR BANK ACCOUNTS;

B. WE HAVE BEEN VERY PATIENT AND HAVE TAKEN NO RETALIATORY STEPS WITH RESPECT TO THE LAO EMBASSY IN WASHINGTON, PREFERRING ON THE CONTRARY TO WORK OUT A SOLUTION WITHOUT EXACERBATING THE PROBLEM FURTHER;

C. RESOLUTION OF THIS PROBLEM, WHILE NOT CLEARING THE BOARD OF OUTSTANDING ISSUES BETWEEN OUR COUNTRIES, WOULD AT LEAST SET US FIRMLY ON THE ROAD TOWARD A PERIOD OF CALM IN OUR RELATIONS WITH COULD LEAD ON TO GENUINE IMPROVEMENT;

C. THE EMBASSY, ON INSTRUCTION, REPEATS ITS LONG-STANDING OFFER TO DO EVERYTHING IT CAN ON ITS PART TO RESOLVE THIS ISSUE ONCE AND FOR ALL IN A MUTUALLY SATISFACTORY MANNER.

4. FYI: WE BELIEVE IT WOULD BE USEFUL TO SET THE STAGE WITH NOUPHANH AND THE PDRL IN GENERAL THAT, BEYOND THE URGENT BANK ACCOUNT PROBLEM OTHER ISSUES SUCH AS THE OCCUPATION OF EMBASSY COMPOUND ARE ALSO STILL OUTSTANDING. REQUEST YOUR VIEWS AS TO WHETHER AND HOW WE MIGHT USE NOUPHANH'S STATEMENTS AS A PEG TO MOVE ON TO THOSE OTHER  
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OUTSTANDING ISSUES IF AND WHEN THE BANK ACCOUNT PROBLEM IS RESOLVED.

5. WE RECALL THAT SOMETIME THIS MONTH OUR SUPPLY OF KIP SHOULD BE EXHAUSTED. PREVIOUS INSTRUCTIONS HAVE AUTHORIZED CASHING A CHECK AT THE NATIONAL BANK TO REPLENISH. WE ARE HAVING SECOND THOUGHTS THAT THIS MIGHT BE VIEWED INCORRECT-

LY BY LAO AUTHORITIES AS A WEAKENING IN OUR POSITION. REQUEST YOUR VIEWS ON THIS SPECIFIC MATTER AS WELL. END FYI.  
KISSINGER

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